

Message Text

PAGE 01 STATE 147411
ORIGIN EUR-12

INFO OCT-01 ISO-00 /013 R

DRAFTED BY INR/RSE:SASTERIOU:JMT
APPROVED BY INR/DDR:MR. STODDARD
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EUR/RPM - T. SAVAGE

-----015046 100316Z /15

P R 092204Z JUN 78
FM SECSTATE WASHDC
TO OIC PTC
INFO ALL NATO CAPITALS

C O N F I D E N T I A L STATE 147411

E.O. 11652: GDS

TAGS: BU, PINT, PGOV

SUBJECT: NATO ASSESSMENT SERIES CONTRIBUTION

PASS FOLLOWING VIA THE NATO-WIDE COMMUNICATIONS SYSTEM
PP RFWFA RFWFB RFWFD RFWFE RFWFV RFWFG RFWFH RFWFI RFWFK
RFWFL RFWFM RFWFN RFWFO RFWFP RFWFQ RFWFR RFWFZ
DE RWFWS #7411 1602214
ZNY CCCCC
P R 092204Z JUN 78
FROM WASHINGTON
TO AIG 6006
AIG 6007
B T
NATO CLASSIFICATION: CONFIDENTIAL FROM WASHINGTON
NADA/ASSESSMENT/JUN 02/MFA WASHINGTON

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PAGE 02 STATE 147411

POLITICAL ANALYSIS: BULGARIA: ZHIVKOV PURGES MORE
MINISTERS

1. BEGIN TEXT. A MAJOR PURGE OF THE BULGARIAN GOVERNMENT,
ANNOUNCED ON APRIL 28, REMOVED TWO DEPUTY PREMIERS (WITH
RESPONSIBILITIES IN THE SPHERES OF MATERIAL RESERVES,

FORESTRY, ECOLOGY, AND LOCAL GOVERNMENT) AND THE MINISTER
OF AGRICULTURE AND FOOD INDUSTRY. IN ADDITION, A NUMBER OF
TOP OFFICIALS OF THIS MINISTRY WERE RESHUFFLED, AND ITS

OVERSEER, THE CHIEF OF THE PARTY CENTRAL COMMITTEE'S AGRICULTURAL DEPARTMENT, WAS SACKED. THE RESHUFFLE, AS WELL AS SOME RECENTLY ADOPTED MINOR REFORMS, WAS PROMPTED BY POOR PERFORMANCE THROUGHOUT THE ECONOMY, PRIMARILY IN THE AGRICULTURAL SECTOR.

2. THE VICTIMS AND THE BENEFICIARIES

3. THERE WERE FOUR MAJOR VICTIMS OF PRESIDENT AND PARTY SECRETARY TODOR ZHIVKOV'S LATEST RESHUFFLE:

(A)--DEPUTY PREMIER SAVA DULBOKOV, POLITICALLY THE MOST PROMINENT OF THOSE REMOVED, WHO HAD BEEN PLANNING CHIEF BEFORE BECOMING DEPUTY PREMIER IN 1976. HE ALSO LOST HIS POST AS MINISTER OF SUPPLY AND STATE RESERVES TO YORDAN MLADENOV, WHO IN TURN GAVE UP HIS POSITION AS MINISTER OF ELECTRONICS AND ELECTRICAL ENGINEERING TO THE FORMER FIRST DEPUTY MINISTER OF MACHINEBUILDING, VASIL KHUBCHEV.

(B)--DEPUTY PREMIER MAKO DAKOV, A FORMER PROFESSOR OF FORESTRY, WHO HAD HELD HIS POST SINCE 1971. HE PROBABLY ALSO LOST HIS POSITION AS CHAIRMAN OF THE COMMISSION FOR EXECUTIVE COMMITTEES OF PEOPLE'S COUNCILS OF THE DISTRICTS.
CONFIDENTIAL

PAGE 03 STATE 147411

(C)--GANCHO KRUSTEV, SINCE 1973 THE MINISTER OF AGRICULTURE AND FOOD INDUSTRY, WHO WAS REPLACED BY DEPUTY PREMIER GRIGOR STOICHKOV.

(D)--VULKAN SHOPOV, CHIEF OF THE PARTY CENTRAL COMMITTEE'S AGRICULTURAL DEPARTMENT, WHO WAS REPLACED BY ANGEL BOBOKOV, AN AGRONOMIST AND FORMER PARTY FIRST SECRETARY OF THE RUSE DISTRICT.

4. THE OUSTERS WERE APPARENTLY THE RESULT OF ZHIVKOV'S DISSATISFACTION WITH THE POOR PERFORMANCE OF THE NATION'S ECONOMY RATHER THAN OF ANY OPPOSITION TO HIS POLICIES. DULBOKOV'S REMOVAL EVIDENTLY WAS CONNECTED WITH THE CRITICISM AT THE RECENT NATIONAL PARTY CONFERENCE (APRIL 20-21) REGARDING THE MISUSE OF FIXED ASSETS AND WASTE OF RAW MATERIALS, FUELS, AND ENERGY. HE APPARENTLY HAD FAILED TO LIVE UP TO ZHIVKOV'S EXPECTATIONS AS A TROUBLESHOOTER IN THIS SPHERE. DULBOKOV'S FALL FROM GRACE BECAME EVIDENT ON MAY 17, WHEN HE WAS APPOINTED TO THE NOMINAL POSITION OF FIRST DEPUTY CHAIRMAN OF THE FATHERLAND FRONT.

5. THE REASON FOR DAKOV'S REMOVAL IS LESS CLEAR, BUT HE POSSIBLY FAILED TO MEET ZHIVKOV'S EXPECTATIONS IN CARRYING OUT THE RECENT REORGANIZATION OF THE ECONOMIES OF THE ADMINISTRATIVE DISTRICTS. IT IS ALSO POSSIBLE THAT HE NEVER RECOVERED COMPLETELY FROM SEVERE INJURIES IN A CAR ACCIDENT IN AUGUST 1976.

6. ON THE OTHER HAND, KRUSTEV'S OUSTER WAS LONG EXPECTED. HIS MINISTRY WAS CRITICIZED FREQUENTLY IN THE PAST, AND IN FEBRUARY 1977 HE WAS GIVEN A "STRICT REPRIMAND." KRUSTEV HAD THE MISFORTUNE OF BEING BLAMED FOR SEVERAL YEARS OF CLIMATIC DISASTERS WHICH STRUCK AT ONE OF BULGARIA'S MAIN HARD-CURRENCY EARNERS. IN 1976, AGRICULTURAL PRODUCTION INCREASED ONLY 3.1 PERCENT COMPARED WITH A TARGET OF 5.0
CONFIDENTIAL

PAGE 04 STATE 147411

PERCENT, WHILE 1977 PROVED TO BE THE WORST YEAR OF THE PAST DECADE WITH PRODUCTION REGISTERING A 6.3-PERCENT DECLINE, COMPARED WITH A PLANNED GROWTH OF 4.0 PERCENT.

7. THE MAIN BENEFICIARY OF THE PURGE APPEARS TO BE KRUSTEV'S SUCCESSOR, DEPUTY PREMIER STOICHKOV. WITH HIS NEW AGRICULTURAL PORTFOLIO, STOICHKOV GETS TO WEAR AN ADDITIONAL HAT, THEREBY ENHANCING HIS ALREADY GROWING STATURE. WHEN HE BECAME DEPUTY PREMIER IN MAY 1977, HE WAS ALSO APPOINTED CHAIRMAN OF THE NEW COUNCIL ON TERRITORIAL AND URBAN ORGANIZATION, WHICH IS OVERSEEING THE IMPLEMENTATION OF ZHIVKOV'S PERHAPS MOST IMPORTANT REFORM, THE "SYSTEM OF INHABITED PLACES" (SEE BELOW).

8. MOREOVER, WHILE STOICHKOV HAS HAD NO PREVIOUS EXPERIENCE IN AGRICULTURE, THE MINISTRY UNDER HIM HAS BEEN ENDOWED WITH GREATER CLOUT, AS IS APPARENT FROM THE UNUSUAL DECISION TO ELEVATE HIS TWO FIRST DEPUTY MINISTERS (VASIL TSANOV AND NEWLY APPOINTED EKATERINA MARINOVA) TO THE RANK OF FULL MINISTERS. UNDER STOICHKOV'S SINGLE HAND IT MIGHT BE POSSIBLE TO INTEGRATE AGRICULTURE INTO ZHIVKOV'S LOCAL REFORM WITH GREATER EFFICIENCY--ALTHOUGH IT IS QUESTIONABLE WHETHER STOICHKOV WILL BE ABLE TO PRODUCE THE RESULTS THAT ZHIVKOV APPARENTLY EXPECTS.

9. ZHIVKOV'S ECONOMIC WOES

10. ZHIVKOV'S ACTION WAS THE LATEST OF A SERIES OF PERSONNEL SHAKEUPS THAT HAVE HIT THE ECONOMIC MINISTRIES DURING THE PAST SEVERAL YEARS. ONLY LAST OCTOBER THERE WAS A LARGE TURNOVER IN THE DEPUTY MINISTERS OF THE STATE PLANNING COMMITTEE, AND IN NOVEMBER ZHIVKOV EFFECTED A SHAKEUP AND REORGANIZATION INVOLVING FIVE OTHER MINISTERIAL-LEVEL
CONFIDENTIAL

PAGE 05 STATE 147411

BODIES.

11. AS A RESULT, ABOUT ONE-THIRD OF THE MINISTERIAL-LEVEL BODIES HAVE BEEN AFFECTED, IN PIECEMEAL FASHION, WHILE ABOUT A DOZEN PERSONS, OFTEN YOUNGER TECHNOCRATIC TYPES,

HAVE BEEN SHUFFLED IN THE DEPUTY PREMIER POSTS. THE LATTER HAVE NOW BEEN NARROWED DOWN FROM SEVEN TO FIVE, SINCE ZHIVKOV HAS YET TO NAME REPLACEMENTS FOR DULBOKOV AND DAKOV. ALL OF THESE CHANGES, HAVE CONTRIBUTED TO A PREVALENT SENSE OF LASSITUDE AND LACK OF DIRECTION.

12. ZHIVKOV APPARENTLY DECIDED ON THIS LATEST PURGE JUST BEFORE THE NATIONAL PARTY CONFERENCE, AT WHICH HE VOICED HIS DISPLEASURE OVER SUBPAR ECONOMIC PERFORMANCE AND SOUGHT TO MOBILIZE THE POPULATION TO GET THE COUNTRY OUT OF THE ECONOMIC DOLDRUMS. AT THE CONFERENCE, HE CENTERED HIS ATTACK ON THOSE HE CONSIDERED RESPONSIBLE FOR THE ILLS, PARTICULARLY IN AGRICULTURE, AND ACCUSED THEM OF LYING TO HIM TO THE POINT WHERE EVEN HE DID NOT KNOW WHAT WAS GOING ON IN THE ECONOMY. SINCE THE CONFERENCE--DEALING WITH PERFECTION OF THE ORGANIZATION OF LABOR AND OF PLANNED MANAGEMENT OF THE ECONOMY--SOUGHT IMPROVED UTILIZATION OF BULGARIA'S INTERNAL RESOURCES, ZHIVKOV APPEARED TO BE PLACING STRESS ON SELF-RELIANCE, A THEME REMINISCENT OF ALBANIAN AND CHINESE POLICIES.

13. ZHIVKOV'S UNHAPPINESS STEMMED BASICALLY FROM THE FACT THAT THE BULGARIAN ECONOMY, WITH ENDEMIC PROBLEMS OF LOW LABOR PRODUCTIVITY, LABOR SHORTAGE, INEFFICIENT MANAGEMENT, AND UNUSED OR OBSOLETE PLANT CAPACITY, HAS ENTERED AN ERA OF DECLINING GROWTH RATES. THERE HAVE BEEN RECURRENT SHORTFALLS IN THE ANNUAL PLANS, FORCING A DOWNWARD REVISION OF HIS OVER-AMBITIOUS ORIGINAL TARGETS IN THE 1976-80 SEVENTH FIVE-YEAR PLAN (E.G., FROM 55 PERCENT TO ABOUT 45 PERCENT IN INDUSTRIAL GROWTH). UNDER THE WATCHWORDS OF "EFFICIENCY AND QUALITY," THE PLAN WAS TO EXPEDITE
CONFIDENTIAL

PAGE 06 STATE 147411

ZHIVKOV'S LONG-VAUNTED "TECHNOLOGICAL REVOLUTION," IMPROVE THE QUALITY AND COMPETITIVENESS OF BULGARIAN PRODUCTS IN THE WORLD MARKETS, AND TAKE A GIANT STEP TOWARD MODERNIZING BULGARIA INTO A "MATURE SOCIALIST SOCIETY"--THEREBY INVITING SOVIET APPROVAL FOR ZHIVKOV'S COVETED STATUS OF A "SOCIALIST REPUBLIC."

14. AN ADDITIONAL PROBLEM HAS BEEN THE GROWING DILEMMA WITH REGARD TO ACCEPTING FURTHER WESTERN DEVELOPMENTAL CREDITS. ON ONE HAND, THE KREMLIN REPORTEDLY HAS REFUSED BULGARIA, THE LARGEST PER CAPITA BENEFICIARY OF SOVIET CREDITS, THE FUNDS AND MATERIALS FOR ITS THIRD METALLURGICAL COMPLEX. ON THE OTHER, BULGARIA'S CUMULATIVE DEBT TO THE WEST HAD BURGEONED TO ABOUT DOLS 2.7 BILLION BY THE

END OF 1977, GIVING IT THE HIGHEST DEBT-SERVICE RATIO (75 PERCENT) AMONG MEMBERS OF THE COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE (CEMA). THE CONSEQUENT HESITATION TO DRAW DOWN ON CREDITS ALREADY GRANTED HAS TENDED TO DEPRIVE INDUSTRY

OF THE MOST MODERN TECHNOLOGY AND OF QUALITY CONSUMER GOODS FROM THE WEST.

15. WHILE EXPORTS TO THE WEST HAVE INCREASED (13.1 PERCENT IN 1976), THEY HAVE BEEN GROWING AT A RATE BELOW THOSE OF TOTAL EXPORTS (14.5 PERCENT IN 1976) AND AT A RATE INSUFFICIENT TO COVER ZHIVKOV'S DEVELOPMENTAL SCHEMES. AS A RESULT, ZHIVKOV FINDS HIMSELF IN THE UNENVIABLE POSITION OF EITHER GETTING DEEPER INTO DEBT TO THE WEST OR DELAYING HIS "TECHNOLOGICAL REVOLUTION" BEYOND THE CURRENT FIVE-YEAR PLAN--NEITHER OF WHICH IS AN ACCEPTABLE SOLUTION.

16. ZHIVKOV'S TINKERING

CONFIDENTIAL

PAGE 07 STATE 147411

17. ZHIVKOV'S PERIODIC RESORT TO PERSONNEL CHANGES REPRESENTS AN EFFORT TO BREAK OUT OF THIS DILEMMA. IN THE ABSENCE OF OTHER READILY AVAILABLE ALTERNATIVES, HE HOPES THAT SHAKEUPS IN COMBINATION WITH MINI-REFORMS WILL STIMULATE BOTH QUANTITY AND QUALITY OF PRODUCTION. THE FOLLOWING ARE SOME OF HIS MOST RECENT INNOVATIVE PROGRAMS:

(A)--THE "SYSTEM OF INHABITED PLACES," WHICH SEEKS TO ESTABLISH SOME 252 PRODUCTION-CONSUMPTION UNITS, EACH OF WHICH COMBINES A NUMBER OF TOWNS AND VILLAGES. THE UNITS ARE SUPPOSED TO INCREASE PRODUCTION AND SELF-SUFFICIENCY IN CERTAIN STAPLE GOODS, ENVIRONMENTAL IMPROVEMENTS, AND BECOME "CELLS OF FUTURE COMMUNIST SELF-MANAGED SOCIETY."

(B)--THE ENCOURAGEMENT OF PRIVATE AUXILIARY PLOTS, WHICH CONSTITUTE 12.75 PERCENT OF ARABLE LAND AND CONTRIBUTE 25 PERCENT OF OVERALL AGRICULTURAL OUTPUT. THEIR CURRENT NUMBER OF ABOUT 2 MILLION IS TO BE ALLOWED TO GROW, WHILE THEIR SIZE (CURRENTLY 0.2 HECTARES, OR HALF AN ACRE, IN INFERTILE AREAS) WOULD EXPAND BY 30 PERCENT. THIS IS BASICALLY AN AGRICULTURAL PRODUCTION INCENTIVE PROGRAM UNDER WHICH PRIVATE PLOT SURPLUSES COMPULSORILY SOLD TO THE STATE WOULD BE TAX-EXEMPT; PRIVATE PLOT OWNERS WILL BE ASSISTED WITH SEED, FERTILIZER, VETERINARY AND OTHER SERVICES, LOAN OF MACHINERY, AND CREDITS. THERE ARE NO SPECIFIED LIMITS ON PLOT SIZE, WHICH IS TO BE DETERMINED BY INDIVIDUAL DISTRICT PEOPLE'S COUNCILS.

(C)--A PLAN TO OVERCOME THE LABOR SHORTAGE BY EASING RESTRICTIONS FOR AFTER-HOURS, PART-TIME WORK BY MEMBERS OF THE LABOR FORCE AND FOR REENTRY OF PENSIONERS AND HOUSEWIVES INTO THE LABOR MARKET, PRIMARILY IN THE SERVICE TRADES.

(D)--A NEW, STRINGENT LABOR REMUNERATION SYSTEM LINKING

CONFIDENTIAL

PAGE 08 STATE 147411

INCOME EVEN MORE CLOSELY WITH LABOR PRODUCTIVITY, EFFICIENCY, QUALIFICATIONS, AND TYPE OF WORK, WHICH WILL RULE OUT BONUSES FOR OVERFULFILLMENT. PAY WILL BE REDUCED FOR NONFULFILLMENT OF INDIVIDUAL OR BRIGADE TASKS; STRICT SANCTIONS ARE ENVISAGED FOR MANAGERS NOT FULFILLING CONTRACTS. THIS OBVIOUSLY UNPOPULAR METHOD OF ASSESSING INDIVIDUAL PERFORMANCE HAS CAUSED DELAY IN IMPLEMENTATION OF THE NEW SYSTEM.

(E)--A "TOP-DOWN, BOTTOM-UP" PLANNING METHOD AIMED AT MORE PLAN DISCIPLINE BY ESTABLISHING BINDING OBLIGATIONS FOR VARIOUS ORGANIZATIONS WORKING ON A PARTICULAR PROJECT AND SUPPOSEDLY PROVIDING GREATER INCENTIVE FOR TIMELY COMPLETION (THE SOVIET "ZLOBIN" METHOD). PROVISION IS MADE FOR INCREASED PARTICIPATION BY LABOR BRIGADES AND LOCAL ORGANIZATIONS IN PLAN FORMULATION AND FOR INCREASED ATTENTION TO THE COUNTERPLAN WORKED OUT BY LABOR COLLECTIVES.

18. IT IS EVIDENT FROM THE ABOVE THAT ZHIVKOV IS FORCED TO INDULGE IN TINKERING-TYPE REORGANIZATIONS BECAUSE HE REALIZES THAT A FAR-REACHING, PRAGMATIC, LIBERALIZING REFORM PROGRAM--SUCH AS THE ONE HE LAUNCHED IN THE MID-1960'S, WHICH WAS ABORTED BY THE INVASION OF CZECHOSLOVAKIA--IS OUT OF THE QUESTION BECAUSE OF THE OPPOSITION OF HIS OVERLORDS IN THE KREMLIN.

19. PROSPECTS

20. THERE IS LITTLE PROSPECT THAT ZHIVKOV'S LATEST GOVERNMENT SHAKEUP AND HIS QUESTIONABLE ECONOMIC PROGRAMS WILL SOLVE THE BASIC ECONOMIC ILLS OF THE COUNTRY. SIMILAR REMEDIES HAVE NOT WORKED IN THE PAST. IT IS EVEN CONCEIVABLE THAT ZHIVKOV'S DICTATORIAL METHOD OF RULE, COUPLED

PAGE 09 STATE 147411

WITH THE PROFUSION OF CHANGES AND STRICT NATURE OF SOME OF HIS PROGRAMS, HAS ADVERSELY AFFECTED THE NOT-TOO-HIGH MORALE OF THE ECONOMIC BUREAUCRATS AND WORKERS. HOWEVER, GIVEN HIS FORCEFUL NATURE, ZHIVKOV COULD CONCEIVABLY WHIP THE MANAGERS AND LABORERS TOWARD IMPROVED PERFORMANCE. RECENTLY PUBLISHED QUALITATIVE ECONOMIC INDICES FOR THE FIRST QUARTER OF 1978 CLAIM THAT "GOOD RESULTS HAVE BEEN

ACHIEVED." BUT EVEN SHOULD THIS BE SO, THERE IS LITTLE LIKELIHOOD THAT THE SOLUTION OF BULGARIA'S MAIN ECONOMIC PROBLEM, QUALITY AND COMPETITIVE EXPORTS TO GENERATE SUFFICIENT HARD CURRENCY EARNINGS TO SATISFY THE NEED FOR TECHNOLOGICAL IMPORTS, COULD BE ACHIEVED. END TEXT. VANCE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 sep 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 jun 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE147411
Document Source: ADS
Document Unique ID: 00
Drafter: INR/RSE:SASTERIOU:JMT
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Expiration:
Film Number: n/a
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197806115/baaaeywm.tel
Line Count: 328
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE
Message ID: 302e4f7e-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17 aug 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2176966
Secure: OPEN
Status: NATIVE
Subject: NATO ASSESSMENT SERIES CONTRIBUTION
TAGS: PINT, PGOV, BU
To: OIC PTC INFO ALL NATO CAPITALS
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/302e4f7e-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014